

**CENTRAL INTELLIGENCE AGENCY**

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SUBJECT	Central Union of Artisans' Cooperatives	DATE DISTR.	25 March 1955 25X1
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SOURCE EVALUATIONS ARE DEFINITIVE APPRAISAL OF CONTENT IS TENTATIVE.

1. The Central Union of Artisans' Cooperatives (Uniunea Centrala a Cooperativelor Mestesugaresti - UCECOM) ranks on a par with state ministries. There are about 7,000 to 8,000 state cooperatives, all centrally controlled, based on a system copied from the USSR. UCECOM was formerly headed by Ilie David, a Communist Party member and brother of Constantin David who had been an active communist in the illegal days of the Party and who later was shot. In the beginning of 1954, Ilie David was replaced as President by Gheorghe Vasilichi, an old time communist and former carpenter who became Minister of Education and was subsequently attached to the Central Committee of the Party.
2. The President of UCECOM has ministerial rank. He is assisted by three vice presidents who are equivalent in rank to deputy ministers. Subordinate to them are the following directorates:
  - a. Production Directorate
  - b. Planning Directorate
  - c. Accounting and Financial Directorate
  - d. Investment Directorate
  - e. Labor and Wage (Norms) Directorate
  - f. Organizational Directorate
  - g. Special Team of Bookkeeping Inspectors attached to the office of the Vice Presidents
  - h. Supplies and Allocations Directorate (DAR)

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(Note: Washington distribution indicated by "X"; Field distribution by "#")

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- i. Cadre and Training Directorate
- j. Price Directorate
3. The task of the Production Directorate is to centralize the individual production plans and to work out the figures of the production plan norms for quarterly as well as annual periods. The results are communicated to the State Planning Commission. The total production plan figure is set by the UCECOM and checked by the State Planning Commission. The Production Directorate is also informed of the kind of products to be produced within a given period of time. The orders of the UCECOM concerning production are sent to the regional unions which forward them to the lower echelons. The results are also centralized and forwarded to the UCECOM.
4. The Planning Directorate, headed by I. Alexe, establishes the production plan on the basis of data received from the Production Directorate. In the Planning Directorate the plans are broken down into specific plans and forwarded to the Cooperative Unions, which transmit them to the individual cooperatives, the actual producers. Employees working in this directorate are called technical advisers and are recruited chiefly from among young graduates of the Institute of Economic Sciences and Planning. There are also section chiefs who have a number of technical advisers under them.
5. The Accounting and Financial Directorate is headed by Laurentiu Cziko, graduate of a commercial school, probably Hungarian. He is a notorious Party activist and a former Secretary General of the Ministry of Education. The directorate's function is to transmit instructions for bookkeeping, checking, and verification received from the Finance Ministry. It is subdivided into an Analysis and Financial Service and an Accounting Service. The former analyzes, checks and enters into a central account the balance sheets and other accounts received from the subordinate units, and forwards them to the Finance Ministry. The latter service enters on its books all accounting operations connected with the internal administration of the UCECOM. It is headed by a chief accountant, assisted by other accountants.
6. Operating under this directorate is a team of bookkeeping inspectors, who check the books of the regional unions. It has 10 to 12 members who travel about the country. Their reports are examined by the director and the president, who decide if and what disciplinary or financial penalties and fines will be imposed when irregularities are discovered. The team is headed by I. Corpus, a man known for his ruthlessness. He has been recently transferred as chief accountant to the Mutual Aid Union of Artisans Cooperatives in Bucharest.
7. In addition to the above team of inspectors, there is a special body of controllers attached to the vice president's office, whose members are all Communist stalwarts without professional qualifications and who work only with the Militia. They investigate cooperative units, usually as a result of denunciations from members of the public. They deal with accusations of embezzlement, theft, etc. The accused are arrested by the economic police, and are interrogated while under arrest.
8. The Investment Directorate establishes the central investment plan in agreement with the State Planning Commission. A share in the total figure is then allocated to each union, which in turn apportions it among the individual units. The amount to be invested comes in part from the central fund, in part from the unit's own funds, and in part from the sinking fund.

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9. The Labor and Wages (Norms) Directorate handles the salary fund and fixes the wages for each kind of work, with separate accounts for workers and for employees. Wages start at 208 lei per month and go as high as 436 lei per month, but piecework is also customary. The directorate works out production norms, methods of timing, working hours and arbitrates disagreements on these subjects between the union and the units.
10. The Organizational Directorate lacks competent professional personnel. It is subdivided into five branches: Textiles and Ready-to-Wear Garments; Leather Goods and Shoes; Wood Products and Furniture; Services and Metal Works; and Chemicals. Individual unions and their units are subdivided on the same pattern.
11. The Supplies and Allocation Directorate (DAR) stocks up on raw materials and distributes them to the units. Its operations are based on the plan drawn up by the State Supply Commission attached to the Presidium of the Council of Ministers. The cooperative sector has a difficult time getting its raw materials, as the state industries enjoy priority. The quantities approved by the State Supply Commission are communicated to the interested factories by the responsible Ministry, and it is the responsibility of UCECOM to transfer the allotted amounts to its warehouse and from there to the individual cooperatives. If, for instance, the State Supply Commission allocates 2,000,000 yards of cotton cloth, the Ministry of Light Industry has to give the order to manufacture the amount to the Industria Bumbacului Cotton Mill. Whether UCECOM will actually get the amount depends on the amount of raw cotton available to that mill. Sometimes allocations are scaled down for other reasons, but never increased except in "special cases" involving the Armed Forces or the Security Forces.
12. The newspapers have published a number of statements of the Central Committee of the Party criticizing the inadequate amount of goods produced by cooperatives for public consumption. This is base slander since the serious shortage of raw materials is well known, and the use of scraps or so-called "internal resources" cannot make up the deficiency. In addition, 80 to 90 per cent of the available materials are set aside for the needs of the authorities, public utilities, factories, etc., and very little is left for the general public.
13. The Directorate of Personnel (Cadre) and Training, headed by reliable Party men, investigates and appoints all the personnel of the UCECOM and the regional unions. In particular, they investigate the cadre chiefs of all unions; the chairmen, who are always workers; the chief accountants; the counselors; and the planners. The personnel files are maintained at the directorate and employees can be fired or reassigned at any time. A special service draws up the vocational training plan to be followed by the cooperatives, but those who supervise the application of the plan are incompetent. Theoretical courses are supervised by members of the Union of Working Youth who have no experience, and practical courses are supervised by incompetent artisans.
14. The Price Directorate is supposed to establish prices for new articles not included in the price lists of the General Directorate of Prices attached to the Council of Ministers. Unfortunately, the personnel is far inferior to its task. A cooperative must send to the regional union an estimate showing and explaining the proposed price. The union goes over the file and forwards it to the UCECOM where it stays sometimes for months due to the low level of experience of the employees. Finally, it

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is forwarded to the General Directorate of Prices and to the State Planning Commission, in which the Ministry of Finance is also represented, for approval of the proposed price. In the meantime, the product piles up in the cooperative's warehouse as it cannot be sold and the cooperative runs out of funds to buy other raw materials.

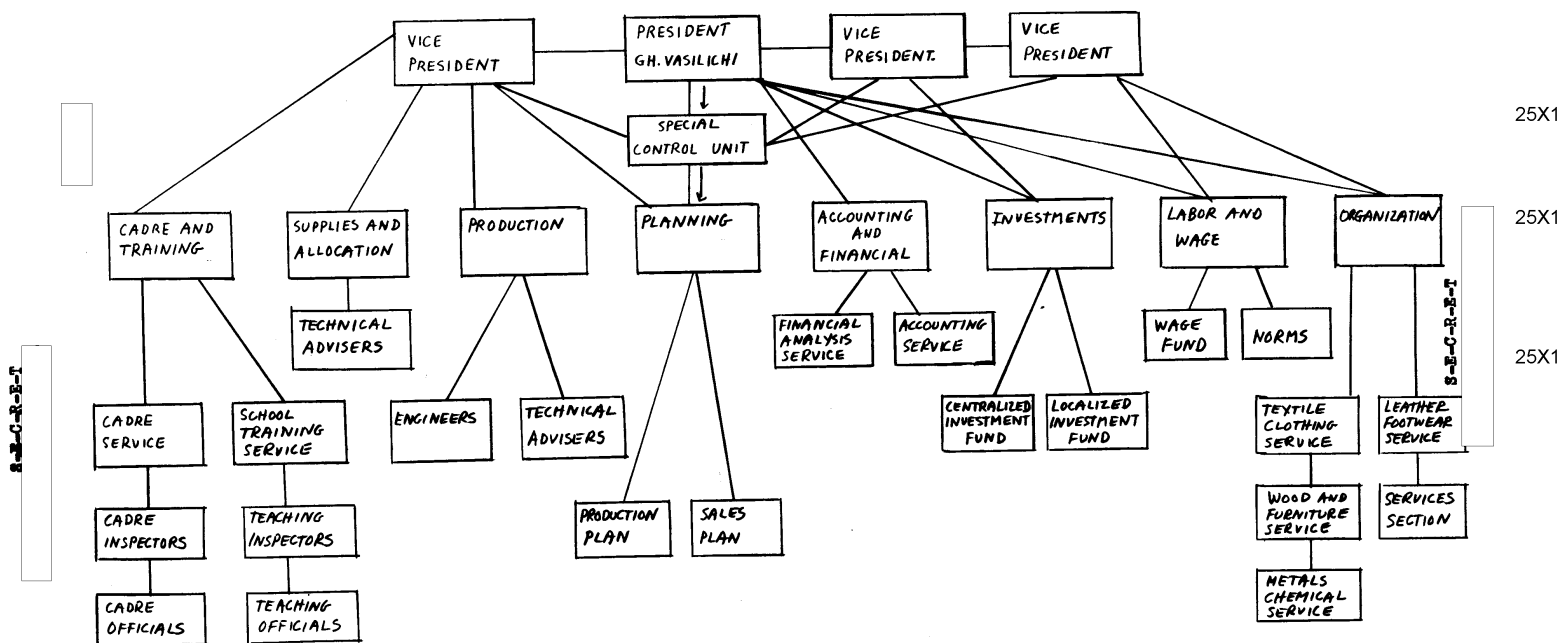
15. The UCECOM, along with all other government departments and agencies, has Party organizations; UTM organizations; an employee union, with a chairman, secretaries, etc.; an ARLUS committee; and a committee in charge of the central and separate directorate wall newspapers, headed by a Party member assisted by a number of reliable employees. The UCECOM has the usual hall for meetings, library, club, and sports organizations. The library contains Russian and Rumanian books on Communism, and the Russian language is also taught there.
16. The UCECOM headquarters is located on Calea Plevnei behind the Law School. The building is not very large. It has a number of retail outlets in Bucharest, one of which is on Calea Victoriei opposite the Athenee Palace Hotel where Rumanian national costumes and embroideries are sold. Another store was opened in 1954 on Calea Victoriei.

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